graphic arts monthly

THE MAGAZINE OF THE PRINTING

Web Offset
The Action Heats Up In Ever-Changing Field

Literacy Issue Returns.
Update on Technical

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VOLUME 62, NUMBER 5

graphic arts monthly

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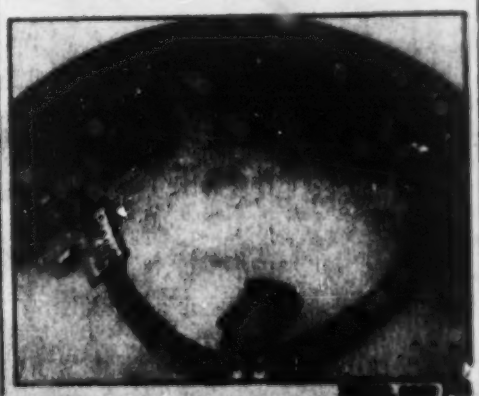

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POSTMASTER: Please send address changes to Graphic Arts Monthly, Circulation Dept., 44 Cook Street, Denver, Colo. [illegible]

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Report Stable 1990 After Shaky Start

This U.S. economy squeaked out an inflation-adjusted 1.1% annualized growth in the fourth quarter of 1989, based on the final revisions from the Commerce Department. Cahners Economics anticipated a very weak fourth quarter showing, so the slow growth did not alter our outlook. Our GNP forecast for 1990 remains at 2.0% real growth. That's weaker growth than in 1989, but far from recession levels.

The economy has just passed through its worst period, and quarterly annualized growth will characterize this year. The transition period, or soft landing, discussed by many economists actually began around mid-1989 and will last until mid-1990.

With transition periods come mixed economic signals; thus, confusion and uncertainty have been the order of the day. This uncertainty is reflected in the Conference Board's Index of Consumer Confidence which, in January of this year, dipped to its lowest level since June of 1987. Fourth quarter estimates of consumer spending also reveal hesitancy. Although disposable income grew a relatively healthy 2.6% in the fourth quarter, consumer spending was virtually unchanged from the third quarter.

Nevertheless, Cahners Economics is betting that steady improvement, particularly in the second half of 1990, will be the course of economic activity for the remainder of the year. Real growth in disposable income, for example, is expected to be weakest in the first half of 1990. Income will grow 1.1% in the first quarter and 1.7% in the second, compared to 2.4% and 3.1% growth in the latter quarters.

Similarly, employment growth will turn upward in the latter half of the year. After growing by just 450,000 in the first half of the year, 1.0[illegible] million new jobs will be added to the economy in the second half of the year.

Although you may hear a few more disappointing economic numbers for the early part of 1990, expect mild, but positive, growth in disposable income, employment, consumer spending, and retail sales this year. This may add up to an overall lackluster year for 1990, but signs point to a brighter 1991. Stronger growth is just around the corner.

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In spite of some troubling inflation numbers in recent months, the economy is not headed for another inflationary spiral. The consumer price index increased just under 5% over the past 12 months; removing food and energy costs lowers that figure to 4.5%. Food and energy costs have been pushed up by temporary conditions, namely weather, and are likely to decline in the months ahead. In addition, producer prices are an indicator of future price hikes for consumer goods and they have moderated considerably. All of this should bring consumer prices down to the 4% range by the end of this year.

GENERAL ACTIVITY INDICATORS

				Annual Percentage Change		
General Economic Indicators	1988	1989	1990	1988	1989	1990
Gross National Product ($)	[illegible]	[illegible]	[illegible]	[illegible]	2.0	2.9
Consumer spending ($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.6
Fixed investment ($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Production (Index)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Housing Starts (M)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consumer Price Index ($)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 89	Dec 89	Jan 90	1988	1989	1990
Industrial Production						
Printing and Publishing	[illegible]	[illegible]	[illegible]	91	71	6.9
Newspapers	[illegible]	[illegible]	[illegible]	1.1	1.9	7.5
Periodicals, books, and	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Magazines	[illegible]	[illegible]	[illegible]	[illegible]	5.9	[illegible]
Industry Payroll (%)						
Newspaper industry employment	na	na	na	7.9	5.3	1.8
Other publishing industries	na	na	na	4.2	3.5	5.9

[illegible]

East South Central Region

This region is actually a pairing of two diverse, though kindred, regions. Kentucky and Tennessee, the northern tier, are among what have traditionally been called border states: above them is middle America, below them is the Deep South. The eastern portions of both states are part of the Appalachian Mountains; the western portions become the plains sloping down toward the Mississippi River.

This transitional [illegible] is reflected in their history during the Civil War (1861-1865). Kentucky remained in the Union and Tennessee did not. In [illegible] however, and [illegible] the above exceptions, Kentucky and Tennessee are usually thought of as part of the South. There is no question about the other two states in the region, Alabama and Mississippi. They are as characteristically Southern as, say, New Jersey is characteristically [illegible].

The South has [illegible] of some of the [illegible] [illegible]

[illegible] polarized feelings. Like people who have never been there have passionate opinions about Mississippi in a way they don't about, say, Idaho.

The South has, like New England, a strong regional identity. [illegible] 19th and early 20th [illegible] [illegible]

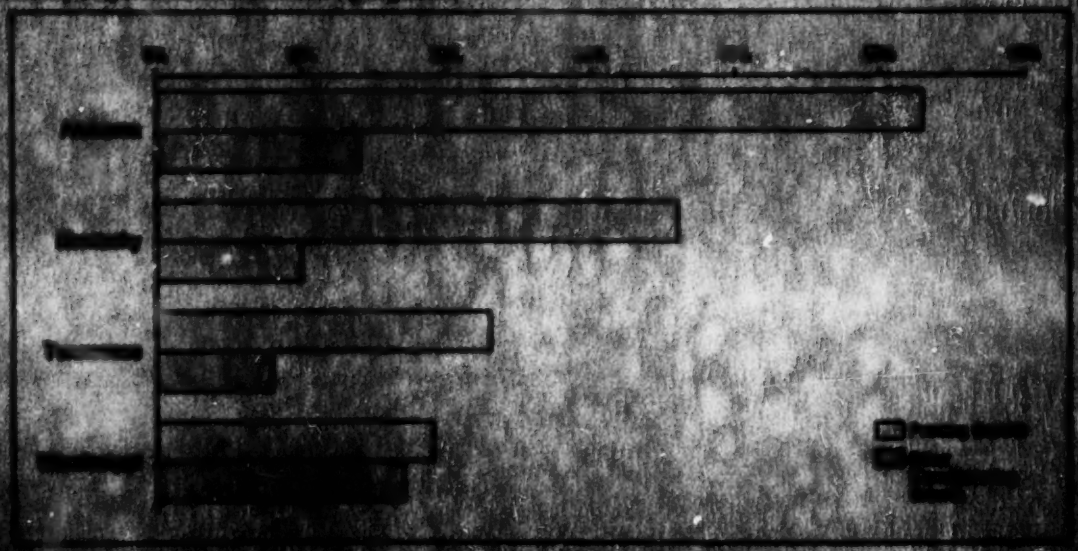
[illegible]

[illegible] Coal mining and agriculture [illegible] were the traditional [illegible] of the East South Central region, and [illegible]

[illegible]

Data for this report come primarily from Printing Industries of America, the National Association of Printers and Lithographers, the U.S. Bureau of the Census, [illegible] [illegible]

Commercial Printing



Regional Overview

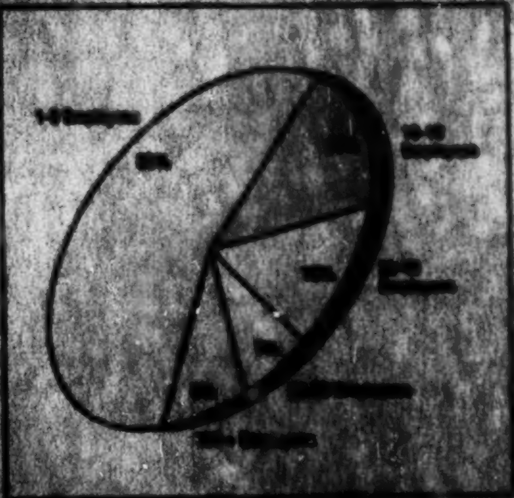
Note that these figures, taken from the [illegible] data base, reflect the universe of printers in the [illegible] [illegible]. In [illegible] of the data that follows, a smaller, yet [illegible], universe of printers is used. [illegible] we're concerned with how the printing industry in this region is divided up by markets. This requires us to exclude newspapers, in-plant printers, and certain other plants ([illegible], for instance). These businesses, while clearly printers, are not commercially [illegible] to printers.

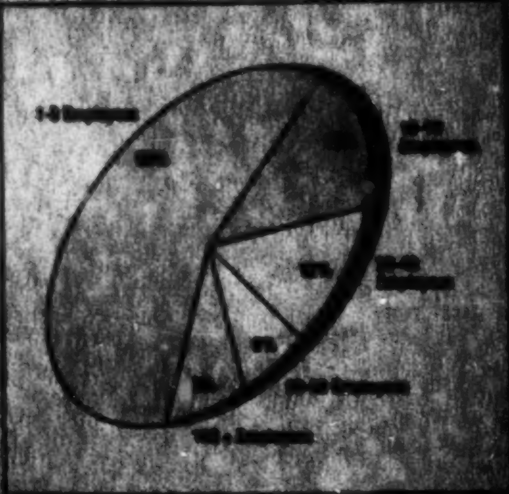
[illegible]

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]





[illegible]

Overall, the East South Central region accounts for about [illegible] of the total U.S. industry as measured by value of shipments [illegible]. With only minor variations, [illegible].

[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

[illegible]	[illegible]	[illegible]
[illegible]	110	[illegible]
[illegible]	1,500	[illegible]
[illegible]	220	[illegible]
[illegible]	815	[illegible]

Here we have a couple of oddities. The [illegible] [illegible]

[illegible]

[illegible] OUTLOOK [illegible]

Tables of leading printers placed in order of overall market size. This will vary from region to region.

Company	Location	Sales
[illegible]	[illegible]	[illegible]

[illegible]

Leading Printers in Major Markets

Demographics in East South Central

[illegible]